

Message Text

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PAGE 01 ISLAMA 04609 220651Z

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 206

INFO AMCONSUL KARACHI

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E.O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: PRODUCT OPPORTUNITY: TEXTILE MACHINERY --

PRC AND US RECEIVES MAJOR SHARE ORDERS FOR

BALUCHISTAN PLANTS

REFERENCE: KARACHI 846

1. ON MAY 20, ECON/COMM COUNSELOR CALLED ON PRODUCTION MINISTRY ADDITIONAL SECRETARY AHMAD ALAUDDIN TO DISCUSS THE RECENT FOREIGN EQUIPMENT ORDER AWARDS MADE FOR THE TWO PAK-IRAN TEXTILE MILLS. E/C COUNSELOR ASKED FOR ANY READY INFORMATION ON HOW THE AWARDS WERE REACHED AND WHETHER FOREIGN POLITICAL PRESSURES HAD BEEN A FACTOR PRO OR CON.

2. ALAUDDIN ANSWERED THAT THE CHINESE AND AMERICANS HAD SECURED THE LION'S SHARE OF FOREIGN ORDERS (EXCLUDING IRAN'S SPECIAL RESERVED SHARE). PRC EQUIPMENT HAD BEEN CHOSEN BECAUSE THE PRICE OFFERED WAS EXTREMELY LOW AND THE EQUIPMENT WAS KNOWN TO PRODUCE GOOD CLOTH; AMERICAN EQUIPMENT WAS CHOSEN BECAUSE OF ITS KNOWN GOOD QUALITY. AS FOR POLITICAL PRESSURE, HE DENIED VIGOROUSLY THAT THIS HAD BEEN A FACTOR AT ALL. HE SAID THAT PAK-IRAN TEXTILES, LTD. (PITL) HAD BEEN GIVEN A COMPLETELY FREE HAND TO MAKE ITS OWN SELECTIONS AMONG FOREIGN SUPPLIERS. ISLAMABAD HAD ONLY ASKED THAT A PORTION OF THE SPINDLES ORDER SHOULD BE RESERVED FOR PAKISTANI SUPPLIERS, AND IRAN DID THE SAME

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FOR ITS SUPPLIERS. HE HOTLY DENIED THAT ISLAMABAD HAD

EXERTED ANY PRESSURE WHATSOEVER ON PITL TO SELECT ONE FOREIGN SUPPLIER OVER ANOTHER.

3. STATEMENTS MADE BY ALAUDDIN IN PARAS ONE AND TWO ABOVE WERE CONFIRMED TO DCM BY CABINET MINISTER FOR PRODUCTION RAFI RAZA ON MARCH 21 AT SOCIAL EVENT. RAZA STRESSED THAT PRIME MINISTER HAD TAKEN NO HAND WHATSOEVER IN DECISION TO PURCHASE PRC LOOMS. POLITICS WERE INVOLVED, HE SAID, IN ORDERS GIVEN FOR PAKISTANI AND IRANIAN SPINDLES AS BOTH GOVERNMENTS WISHED TO SHOW SUPPORT FOR DOMESTIC INDUSTRY.

4. COMMENT: ALL IN ALL, EMBASSY BELIEVES U.S. FIRMS DID REASONABLY WELL IN THIS PROJECT. ALTHOUGH THE PRC GOT 52 PERCENT OF THE FOREIGN ORDERS (EXCEPTING THE SPECIAL CASE OF IRAN), THE FOUR AMERICAN FIRMS SECURED 39 PERCENT (\$7.5 MILLION WORTH). THE SWISS AND JAPANESE, WHO HAD BEEN CONSIDERED THE OTHER LEADING CONTENDERS, ONLY GOT NINE PERCENT.
BYROADE

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